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SUBJECT: IAEA/HEU MINIMIZATION: POLAND CONCERNED OVER GTRI
PROJECT - WARSAW FOLLOW-UP MEETING

REF: UNVIE VIEN 329

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1. (SBU) Summary. Polish National Atomic Energy Agency (PAA) staff confirmed the GOP is concerned about the increasing costs associated with the GTRI project. PAA President Jerzy Niewodniczanski estimates that the provision of 25 fresh fuel elements will cost between USD 1.5 - 2 million, money that has not been budgeted for the project. In addition, Niewodniczanski stated that fresh fuel costs will likely rise by three or four times in the long term, which causes great concern for the GOP. He expected that resolution of the issue would require political discussions in Vienna or Washington. End Summary.

2. (SBU) In response to reftel econoff met with staff from the Polish National Atomic Energy Agency (PAA) on April 28, 2006. Though econoff expected to meet only with Wieslaw Szmek, Chief Specialist, the GOP was represented by an additional eight people from PAA, the Maria Reactor, and the Ministry of State Treasury. The conversation began with discussions on technical problems that are currently preventing the HEU spent fuel rod program from moving ahead. These details, concerning the licensing process for new transportation casks and basket shapes, are known to DOE staff who frequently travel to Poland and are being resolved, albeit slowly, remarked Director Wlodzimierz Tomczak, Director of the Radioactive Waste Management Plant (ZUOP).

3. (SBU) Discussion then turned to GTRI and concerns the GOP has over the future of the program. Niewodniczanski noted that in addition to the USD 800,000 (already covered by the program) for conversion studies, the GOP would likely incur heavy costs as the project stretches into the medium and long-terms. He suggested, for example, that a French company would likely win the May tender for fresh fuel provision, and thus become Poland's new supplier. The cost of procuring 25 fresh fuel units from this company would cost between USD 1.5 - 2 million. He stated that this amount of money is simply not available to the Maria reactor. In addition, Niewodniczanski expected a long-term increase in fuel costs of three to four times the current price. Again, there is no plan, hence no means, to cover these costs.

4. (SBU) Niewodniczanski also noted the GOP has technical concerns about the future of the program, but these are heavily outweighed by the financial concerns surrounding conversion. He noted a demarche was being prepared on the subject, and that several GOP agencies are involved in the discussion on how to proceed. Niewodniczanski specifically mentioned Director Kupiecki and Vice-Director Chomicki of the MFA's Department of Security.

5. (SBU) Comment: Post is not in a position to judge the validity of Niewodniczanski's costs estimates. However, it seems apparent that the GOP is well coordinated on this issue and is likely to press the USG for additional funding to cover what they consider additional costs of program implementation.

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